

VII-1

1 **TITLE VII—ACCOUNTABILITY**

2 **SEC. 701. FLEXIBILITY AND ACCOUNTABILITY.**

3 Title VII is amended to read as follows:

4 **“TITLE VII—FLEXIBILITY AND**
5 **ACCOUNTABILITY**

6 **“PART A—STATE ACCOUNTABILITY FOR**
7 **IMPROVING ACADEMIC ACHIEVEMENT**

8 **“SEC. 7101. STATE FINANCIAL AWARDS.**

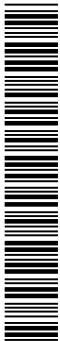
9 “(a) IN GENERAL.—Beginning in the 2002–2003
10 school year, the Secretary shall make in accordance with
11 this section financial awards, to be known as ‘Achievement
12 in Education Awards’, to States that have made signifi-
13 cant progress in improving educational achievement.

14 “(b) CRITERIA OF PROGRESS.—For the purposes of
15 subsection (a), the Secretary shall judge progress using
16 each of the following criteria, giving the greatest weight
17 to the criterion described in paragraph (1):

18 “(1) The progress of the State’s students from
19 economically disadvantaged families and students
20 from racial and ethnic minority groups—

21 “(A) on the assessments administered by
22 the State under section 1111; and

23 “(B) beginning in the 2003–2004 school
24 year, on assessments of 4th and 8th grade
25 reading and mathematics under—



VII-2

1 “(i) the State assessments carried out
2 as part of the National Assessment of
3 Educational Progress under section 411 of
4 the National Education Statistics Act of
5 1994 (20 U.S.C. 9010); or

6 “(ii) an assessment selected by the
7 State that—

8 “(I) is administered annually;

9 “(II) yields high quality data
10 that are valid and reliable;

11 “(III) meets widely recognized
12 professional and technical standards;

13 “(IV) is developed by an entity
14 independent from each State and local
15 government agency in the State;

16 “(V) is not identical to the as-
17 sessment used to meet the State as-
18 sessment requirements under section
19 1111;

20 “(VI) provides results in such a
21 form that they may be expressed in
22 terms of achievement levels that are
23 consistent with the achievement levels
24 (basic, proficient, and advanced) set
25 forth in section 1111;



VII-3

1 “(VII) provides results in such a
2 form that they may be disaggregated,
3 at a minimum, according to income
4 level and major racial and ethnic
5 group; and

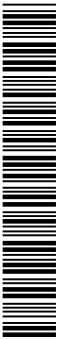
6 “(VIII) is administered to all stu-
7 dents or to a representative sample of
8 students in the 4th and 8th grades
9 statewide, with a sample size that is
10 sufficiently large to produce statis-
11 tically significant estimates of state-
12 wide student achievement.

13 “(2) The overall improvement in the achieve-
14 ment of all of the State’s students, as measured
15 by—

16 “(A) the assessments administered by the
17 State under section 1111; and

18 “(B) beginning in the 2003–2004 school
19 year, the assessments described in paragraph
20 (1)(B).

21 “(3) The progress of the State in improving the
22 English proficiency of students who enter school
23 with limited English proficiency.



VII-4

1 “(c) OTHER CONSIDERATIONS.—In judging a State’s
2 progress under subsection (a), the Secretary may also
3 consider—

4 “(1) the progress of the State in increasing the
5 percentage of students who graduate from secondary
6 schools; and

7 “(2) the progress of the State in increasing the
8 percentage of students who take advanced
9 coursework (such as Advanced Placement or Inter-
10 national Baccalaureate courses) and who pass the
11 exams associated with such coursework.

12 “(d) AMOUNT.—The Secretary shall determine the
13 amount of an award under subsection (a) based on—

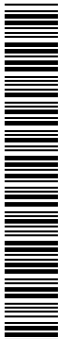
14 “(1) the school-age population of the State;

15 “(2) the degree of progress shown by a State
16 with respect to the criteria set forth in subsections
17 (b) and (c); and

18 “(3) whether the State has entered into a per-
19 formance agreement with the Secretary under part
20 B.

21 “(e) USE OF FUNDS.—

22 “(1) IN GENERAL.—A State receiving a finan-
23 cial award under this section shall use the proceeds
24 of such award only to make financial awards to pub-
25 lic elementary and secondary schools in the State



VII-5

1 that have made the most significant progress with
2 respect to the criteria described in subsection (b).

3 “(2) USE BY SCHOOLS.—In consultation with
4 the school’s teachers, the principal of each elemen-
5 tary or secondary school that receives a financial
6 award from a State under this section may use the
7 proceeds of such award for any educational purpose
8 permitted under State law.

9 “(3) RESPONSIBLE STATE AGENCY.—The State
10 educational agency for each State shall be the agen-
11 cy responsible for making awards under this sub-
12 section.

13 “(f) PEER REVIEW.—In selecting States for awards
14 under subsection (a), the Secretary shall use a peer-review
15 process.

16 “(g) COSTS OF INDEPENDENT ASSESSMENTS.—

17 “(1) IN GENERAL.—Subject to paragraph (2),
18 the Secretary shall make grants to States to offset
19 the costs of administering assessments administered
20 by the States to meet the requirements of
21 (b)(1)(B)(ii).

22 “(2) LIMITATIONS.—Grants made by the Sec-
23 retary in any year to a State under paragraph (1)—

24 “(A) may be awarded only to offset the
25 costs of a single administration of an assess-



VII-6

1 ment described in such paragraph in the State
2 for that year; and

3 “(B) may not exceed the costs of admin-
4 istering in the State for that year the State as-
5 sessments that would be carried out under the
6 National Assessment of Educational Progress
7 described in subsection (b)(1)(B).

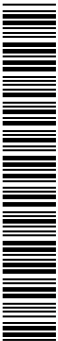
8 “(3) ALLOCATION.—The Secretary may deter-
9 mine the appropriate methodology of allocating
10 grants to States under this subsection.

11 **“SEC. 7102. STATE SANCTIONS.**

12 “(a) FAILURE TO MAKE PROGRESS.—

13 “(1) LOSS OF ADMINISTRATIVE FUNDS.—The
14 Secretary shall reduce, by 30 percent, the amount of
15 funding that a State may reserve for State adminis-
16 tration under the State formula grant programs au-
17 thorized by this Act if the Secretary determines that,
18 for 2 consecutive years—

19 “(A) the State’s students from economi-
20 cally disadvantaged families and students from
21 racial and ethnic minority groups failed to
22 make adequate yearly progress on the assess-
23 ments administered by the State under section
24 1111; and



VII-7

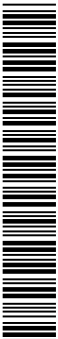
1 “(B) the State’s students from economi-
2 cally disadvantaged families and students from
3 racial and ethnic minority groups failed to
4 make measurable progress in reading and
5 mathematics, as measured by the 4th and 8th
6 grade assessments described in subsection
7 (b)(1)(B).

8 “(2) FURTHER REDUCTIONS.—In each of the first 2
9 years after the years described in paragraph (1), the Sec-
10 retary may increase the reduction described in such para-
11 graph by any amount up to a total of an additional 45
12 percent.

13 “(b) OTHER FAILURES.—In addition to any action
14 taken under subsection (a)(1) or (a)(2), the Secretary
15 shall reduce, by 10 percent, the amount of funding that
16 a State may reserve for State administration under the
17 State formula grant programs authorized by this Act if
18 the Secretary determines that, for 2 consecutive years, the
19 State failed to make adequate yearly progress—

20 “(1) with respect to the achievement of children
21 with limited English proficiency under section
22 1111(b)(2)(C)(iii)(II)(dd); or

23 “(2) with respect to the acquisition of English
24 language proficiency by children with limited



VII-8

1 English proficiency under section
2 1111(b)(2)(C)(iii)(III).

3 “(c) USE OF FUNDS FOR IMPROVEMENT.—

4 “(1) IN GENERAL.—The Secretary shall require
5 that any funds reduced under this section be allo-
6 cated by the State to local educational agencies in
7 the State for school improvement purposes described
8 in section 1116.

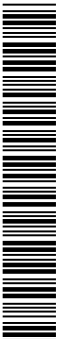
9 “(2) TREATMENT OF FUNDS.—Funds described
10 in paragraph (1) shall not count toward the amounts
11 that are required to be reserved by a State for
12 school improvement under section 1003.

13 **“SEC. 7103. DEVELOPMENT OF STATE STANDARDS AND AS-**
14 **SESSMENTS.**

15 “(a) IN GENERAL.—The Secretary shall make finan-
16 cial awards to States to enable the States—

17 “(1) to pay the costs of the development of the
18 additional State assessments and standards required
19 by section 1111(b); and

20 “(2) if a State has developed the assessments
21 and standards referred to in paragraph (1), to ad-
22 minister such assessments or to carry out other ac-
23 tivities described in this title and other activities re-
24 lated to ensuring accountability for results in the
25 State’s schools and local educational agencies, such



VII-9

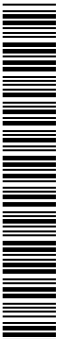
1 as developing content and achievement standards
2 and aligned assessments in other subjects not re-
3 quired by section 1111.

4 “(b) BONUSES.—The Secretary shall make a one-
5 time bonus payment to each State that completes the de-
6 velopment of the assessments described in subsection (a)
7 ahead of the deadline set forth in section 1111.

8 **“SEC. 7104. AUTHORIZATION OF APPROPRIATIONS.**

9 “(a) AWARDS AND BONUS PAYMENTS.—For the pur-
10 poses of making awards under section 7101 and bonus
11 payments under section 7103(b), there are authorized to
12 be appropriated \$40,000,000 for fiscal year 2002 and
13 such sums as may be necessary for each of fiscal years
14 2003 through 2006.

15 “(b) GRANTS FOR INDEPENDENT ASSESSMENTS; AD-
16 MINISTRATION OF STATE ASSESSMENTS UNDER
17 NAEP.—For the purposes of making grants to offset the
18 costs of independent assessments under section 7101(g)
19 and for the purposes of administering the State assess-
20 ments carried out under the National Assessment of Edu-
21 cational Progress referred to in section 7101(b)(1)(B)(i),
22 there are authorized to be appropriated to the Secretary
23 \$69,000,000 for fiscal year 2002 and such sums as may
24 be necessary for each of fiscal years 2003 through 2006.



VII-10

1 “(c) DEVELOPMENT AND ADMINISTRATION OF
2 STATE STANDARDS AND ASSESSMENTS.—For the pur-
3 poses of carrying out subsection 7103(a), there are au-
4 thorized to be appropriated \$320,000,000 for fiscal year
5 2002 and such sums as may be necessary for each of the
6 fiscal years 2003 through 2005.

7 **“PART B—PERFORMANCE AGREEMENTS**

8 **“SEC. 7201. SHORT TITLE.**

9 This part may be cited as the “Academic Achieve-
10 ment for All Act” or “Straight A’s Act”.

11 **“SEC. 7202. PURPOSE.**

12 “The purpose of this part is to create options for
13 States and communities—

14 “(1) to improve the academic achievement of all
15 students, and to focus the resources of the Federal
16 Government upon such achievement;

17 “(2) to improve teacher quality and subject
18 matter mastery, especially in mathematics, reading,
19 and science;

20 “(3) to empower parents and schools to effec-
21 tively address the needs of their children and stu-
22 dents;

23 “(4) to give States and communities maximum
24 freedom in determining how to boost academic
25 achievement and implement education reforms;



VII-11

1 “(5) to eliminate Federal barriers to imple-
2 menting effective State and local education pro-
3 grams;

4 “(6) to hold States and communities account-
5 able for boosting the academic achievement of all
6 students, especially disadvantaged children; and

7 “(7) to narrow achievement gaps between the
8 lowest and highest performing groups of students so
9 that no child is left behind.

10 **“SEC. 7203. PERFORMANCE AGREEMENT.**

11 “(a) AUTHORITY.—In accordance with this part, the
12 Secretary shall enter into performance agreements with
13 States under which, except as otherwise provided in this
14 part, States may consolidate and use funds under 7204.

15 “(b) REQUIRED TERMS OF PERFORMANCE AGREE-
16 MENT.—Each performance agreement entered into by the
17 Secretary under this part shall have each of the following
18 terms:

19 “(1) TERM.— The performance agreement shall
20 be for a term of 5 years.

21 “(2) APPLICATION OF PROGRAM REQUIRE-
22 MENTS.—The performance agreement shall provide
23 that no requirements of any program described in
24 section 7204(b) and included by the State in the



VII-12

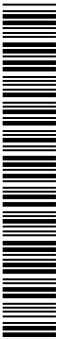
1 scope of the agreement shall apply to the State, ex-
2 cept as otherwise provided in this part.

3 “(3) LIST OF PROGRAMS.—The performance
4 agreement shall list which of the programs described
5 in section 7204(b) are included in the scope of the
6 performance agreement.

7 “(4) USE OF FUNDS TO IMPROVE STUDENT
8 ACHIEVEMENT.— The performance agreement shall
9 contain a 5-year plan describing how the State in-
10 tends to combine and use the funds from programs
11 included in the scope of the performance agreement
12 to advance the education priorities of the State, im-
13 prove student achievement, and narrow achievement
14 gaps.

15 “(5) ACCOUNTABILITY SYSTEM REQUIRE-
16 MENTS.—If title I is included in the scope of the
17 performance agreement the agreement shall include
18 a certification that the State—

19 “(A) has developed and implemented the
20 challenging State content standards, chal-
21 lenging State student achievement standards,
22 and aligned assessments described in section
23 1111(b);



VII-13

1 “(B) has developed and implemented a sys-
2 tem to produce annual state report cards in ac-
3 cordance with section 1111(c)(1);

4 “(C) agrees to participate in the National
5 Assessment of Educational Progress (carried
6 out under section 411 of the National Edu-
7 cation Statistics Act of 1994 (20 U.S.C. 9010))
8 or some other assessment in accordance with
9 section 1111(c)(2); and

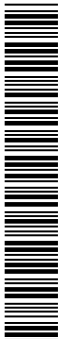
10 “(C) has developed and implemented a
11 statewide system for turning around low-per-
12 forming schools and holding its local edu-
13 cational agencies and schools accountable for
14 improving student achievement in accordance
15 with section 1116.

16 “(6) ACHIEVEMENT GOALS.—

17 “(A) STUDENT ACADEMIC ACHIEVE-
18 MENT.—

19 “(i) PART A OF TITLE I INCLUDED.—

20 If part A of title I is included in the scope
21 of the performance agreement, the agree-
22 ment shall require that the State establish
23 annual student achievement goals for the
24 term of the agreement—



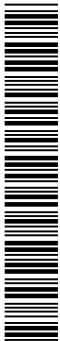
VII-14

1 “(I) that are designed to meet
2 the adequate yearly progress require-
3 ments set forth in subparagraphs (B)
4 and (C) of section 1111(b)(2); and

5 “(II) include goals for improving
6 the achievement of all groups of stu-
7 dents that are sufficient to ensure
8 that student achievement gains exceed
9 that which is required to meet the re-
10 quirements of the State’s definition of
11 adequate yearly progress under sec-
12 tion 1111(b)(2)(B).

13 “(ii) PART A OF TITLE I NOT IN-
14 CLUDED.—If part A of title I is not in-
15 cluded in the scope of a performance
16 agreement, the agreement shall require the
17 State to establish academic achievement
18 goals for such other programs.

19 “(B) CONSISTENCY OF ACHIEVEMENT
20 MEASURES.—The performance agreement shall
21 require that the State maintain, at a minimum,
22 the same level of challenging State student
23 achievement standards and assessments
24 throughout the term of the performance agree-
25 ment.



VII-15

1 “(c) OPTIONAL TERMS.—At the option of the State,
2 the performance agreement entered into under this part
3 may require the State to establish and meet goals for any
4 additional indicators of achievement such as graduation,
5 dropout, or attendance rates.

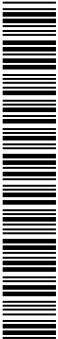
6 “(d) APPROVAL OF PERFORMANCE AGREEMENT.—

7 “(1) IN GENERAL.—Not later than 60 days
8 after the receipt of a proposed performance agree-
9 ment submitted by a State, the Secretary shall ap-
10 prove the agreement or provide the State with a
11 written determination that the performance agree-
12 ment fails to satisfy the requirements of this part.

13 “(2) TREATMENT AS APPROVED.—Each per-
14 formance agreement for which the Secretary fails to
15 take the action required in paragraph (1) in the
16 time period described in such paragraph shall be
17 considered to be approved.

18 “(3) REQUIREMENT TO EXECUTE APPROVED
19 AGREEMENTS.—In accordance with this part, the
20 Secretary shall enter into each approved perform-
21 ance agreement approved under this subsection.

22 “(e) LIMITATIONS.—The Secretary may not enter
23 into a performance agreement with a State under this sec-
24 tion unless each of the following conditions has been met:



VII-16

1 “(1) LOCAL INPUT.—The State has provided
2 parents, teachers, schools, and school districts in the
3 State with notice and an opportunity to comment on
4 the proposed terms of the performance agreement in
5 accordance with State law.

6 “(2) FISCAL RESPONSIBILITIES.—The State
7 agrees to use fiscal control and fund accounting pro-
8 cedures that will ensure proper disbursement of, and
9 accounting for, Federal funds consolidated and used
10 under the performance agreement.

11 “(3) CIVIL RIGHTS.—The performance agree-
12 ment contains an assurance that the State will meet
13 the requirements of applicable Federal civil rights
14 laws in carrying out the agreement and in consoli-
15 dating and using the funds under the agreement.

16 “(4) PRIVATE SCHOOL PARTICIPATION.—The
17 State agrees that in consolidating and using funds
18 under the performance agreement—

19 “(A) the State will provide for the equi-
20 table participation of students and professional
21 staff in private schools; and

22 “(B) that sections 8504, 8505, and 8506
23 shall apply to all services and assistance pro-
24 vided with such funds in the same manner as



VII-17

1 such sections apply to services and assistance
2 provided in accordance with section 8503.

3 “(5) STATE FINANCIAL PARTICIPATION.—The
4 State agrees that it will not reduce the level of
5 spending of State funds for elementary and sec-
6 ondary education during the term of the perform-
7 ance agreement.

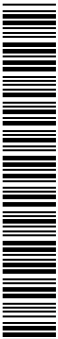
8 “(6) ANNUAL REPORTS.—The State agrees that
9 not later than 1 year after the date on which the
10 Secretary and the State entered into the perform-
11 ance agreement, and annually thereafter during the
12 term of the agreement, the State shall disseminate
13 widely to parents and the general public, transmit to
14 the Secretary, distribute to print and broadcast
15 media, and post on the Internet, a report that
16 includes—

17 “(A) student achievement data as de-
18 scribed in section 1111(b)(2); and

19 “(B) a detailed description of how the
20 State used the funds consolidated under the
21 agreement to improve student academic
22 achievement and reduce achievement gaps.

23 “(f) AMENDMENT TO PERFORMANCE AGREEMENT.—

24 “(1) IN GENERAL.—In each of the following
25 circumstances, the Secretary shall agree to amend a



VII-18

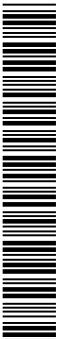
1 performance agreement entered into with a State
2 under this part:

3 “(A) REDUCTION IN SCOPE OF PERFORM-
4 ANCE AGREEMENT.—Not later than 1 year
5 after entering into the performance agreement,
6 a State seeks to amend the agreement to re-
7 move from the scope any program described in
8 section 7204(b).

9 “(B) EXPANSION OF SCOPE OF PERFORM-
10 ANCE AGREEMENT.—Not later than 1 year
11 after entering into the performance agreement,
12 a State seeks to amend the agreement to in-
13 clude in its scope any additional program de-
14 scribed in section 7204(b) or any additional
15 achievement indicators for which the State will
16 be held accountable.

17 “(2) APPROVAL OF AMENDMENT.—

18 “(1) IN GENERAL.—Not later than 60
19 days after the receipt of a proposed perform-
20 ance agreement amendment submitted by a
21 State, the Secretary shall approve the amend-
22 ment or provide the State with a written deter-
23 mination that the amendment fails to satisfy
24 the requirements of this part.



VII-19

1 “(B) TREATMENT AS APPROVED.—Each
2 amendment for which the Secretary fails to
3 take the action required in subparagraph (A) in
4 the time period described in such subparagraph
5 shall be considered to be approved.

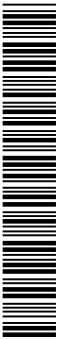
6 “(3) TREATMENT OF PROGRAM FUNDS WITH-
7 DRAWN FROM AGREEMENT.—Beginning on the effec-
8 tive date of an amendment executed under para-
9 graph (1)(A), each program requirement of each
10 program removed from the scope of a performance
11 agreement shall apply to the State’s use of funds
12 made available under the program.

13 **“SEC. 7204. CONSOLIDATION AND USE OF FUNDS.**

14 “(a) IN GENERAL.—

15 “(1) AUTHORITY.—Under a performance agree-
16 ment entered into under this part, a State may con-
17 solidate, subject to subsection (c), Federal funds
18 made available to the State under the provisions list-
19 ed in subsection (b) and use such funds for any ele-
20 mentary and secondary educational purpose per-
21 mitted under the law of the State.

22 “(2) PROGRAM REQUIREMENTS.—Except as
23 otherwise provided in this part, a State may use
24 funds under paragraph (1) notwithstanding the pro-



VII-20

1 gram requirements of the program under which the
2 funds were made available to the State.

3 “(b) ELIGIBLE PROGRAMS.—Funds made available
4 under programs under each of the following provisions of
5 this Act may be consolidated and used under subsection
6 (a):

7 “(1) Parts A, B, C, or D of title I.

8 “(2) Title II.

9 “(3) Part A of title III.

10 “(4) Part A of title IV.

11 “(5) Parts A or B of title V.

12 **“SEC. 7205. WITHIN-STATE DISTRIBUTION OF FUNDS.**

13 “(a) AUTHORITY.—

14 “(1) IN GENERAL.—The distribution of funds
15 consolidated under a performance agreement entered
16 into under this part by a State to local educational
17 agencies in the State shall be determined by the
18 Governor of the State and the State legislature.

19 “(2) DISTRIBUTION BY ALTERNATIVE AUTHOR-
20 ITY.—In each State in which the State constitution
21 or State law designates an individual, entity, or
22 agency other than the Governor or State Legislature
23 as the party responsible for public elementary and
24 secondary education policy, the distribution of funds
25 under subsection (a) shall be determined by such in-



VII-21

1 dividual, entity, or agency, in consultation with the
2 Governor and State Legislature.

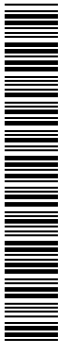
3 “(3) RULE OF CONSTRUCTION.—Nothing in
4 this subsection shall be construed to supersede or
5 modify any provision of a State constitution or State
6 law.

7 “(b) LOCAL INPUT.—In accordance with State law,
8 each State shall provide parents, teachers, and local
9 schools and school districts notice and opportunity to com-
10 ment on the proposed distribution of funds under this sec-
11 tion.

12 “(c) AMOUNT OF PART A TITLE I FUNDS.—

13 “(1) IN GENERAL.—The Secretary may not
14 enter into a performance agreement with a State
15 under this part if the agreement includes in its scope
16 part A of title I and the agreement does not provide
17 an assurance that each local educational agency will
18 receive under the performance agreement, subject to
19 Federal appropriations, an amount equal to or
20 greater than the amount such agency received under
21 part A of title I in the fiscal year preceding the fis-
22 cal year in which the performance agreement is en-
23 tered into.

24 “(2) PROPORTIONATE REDUCTION.—If the
25 amount made available to the State from the Sec-



VII-22

1 retary for a fiscal year is insufficient to pay to each
2 local educational agency the amount made available
3 under part A of title I to such agency for the pre-
4 ceding fiscal year, the State shall reduce the amount
5 each local educational agency receives by a uniform
6 percentage.

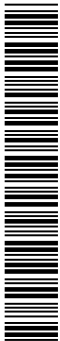
7 **“SEC. 7206. LOCAL PARTICIPATION.**

8 “(a) IN GENERAL.—If a State chooses not to enter
9 into a performance agreement with the Secretary under
10 this part, any local educational agency in such State may
11 enter in accordance with this section into a performance
12 agreement with the Secretary in accordance with this sec-
13 tion.

14 “(b) TERMS OF AGREEMENT.—

15 “(1) IN GENERAL.—Except as otherwise pro-
16 vided in this section, each requirement and limita-
17 tion under this part that is applicable to a State
18 with respect to a performance agreement under this
19 part shall be applicable to a local educational agency
20 with respect to a performance agreement under this
21 section, as appropriate.

22 “(2) EXCEPTIONS.—Each of the following pro-
23 visions shall not apply to a local educational agency
24 with respect to a performance agreement under this
25 section:



VII-24

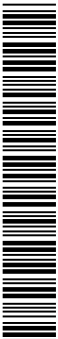
1 funds allocated to the State under the programs included
2 in the scope of the performance agreement.

3 “(c) LOCAL EDUCATIONAL AGENCY.—A local edu-
4 cational agency that has entered into a performance agree-
5 ment with the Secretary under section 7206 may use for
6 administrative purposes not more than 4 percent of the
7 total amount of funds allocated to the agency under the
8 programs included in the scope of the performance agree-
9 ment.

10 **“SEC. 7208. PERFORMANCE REVIEW AND PENALTIES.**

11 “(a) MIDTERM REVIEW.—The Secretary may not
12 enter into a performance agreement under this part unless
13 the agreement includes a provision permitting the Sec-
14 retary, after notice and an opportunity for a hearing, to
15 terminate the agreement if, during the term of the agree-
16 ment, student achievement declines for 3 consecutive years
17 in the academic achievement categories established under
18 the agreement.

19 “(b) FINAL REVIEW.—If, at the end of the 5-year
20 term of a performance agreement entered into under this
21 part, a State has not substantially met the achievement
22 goals submitted in the performance agreement, the Sec-
23 retary may not renew the agreement under section 7209
24 and beginning on the date on which such term ends the
25 State shall be required to comply with each of the program



VII-25

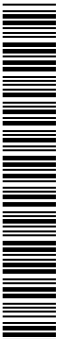
1 requirements in effect on such date for each program in-
2 cluded in the performance agreement.

3 “(c) SANCTIONS.—The Secretary may not enter into
4 a performance agreement under this part unless the agree-
5 ment provides that if the State fails to meet the terms
6 of its annual academic achievement goals under the agree-
7 ment it shall be subject to the sanctions set forth in sec-
8 tion 7102, and that under each of paragraphs (1) and (2)
9 of that section the Secretary may reduce the funds that
10 a State may reserve for State administrative costs for each
11 program included in the performance agreement by an ad-
12 ditional 10 percent.

13 **“SEC. 7209. RENEWAL OF PERFORMANCE AGREEMENT.**

14 “(a) IN GENERAL.—Except as provided in section
15 7208(b) and in accordance with this section, the Secretary
16 shall renew for 1 additional 5-year term a performance
17 agreement entered into under this part if the State that
18 is party to the agreement has met or has substantially
19 met, by the end of the original term of the agreement,
20 the achievement goals contained in the agreement.

21 “(b) NOTIFICATION.—The Secretary may not renew
22 a performance agreement under this part unless, not less
23 than 6 months before the end of the original term of the
24 agreement, the State seeking the renewal notifies the Sec-
25 retary of its intention to renew.



VII-26

1 “(c) EFFECTIVE DATE.—A renewal under this sec-
2 tion shall be effective at the end of the original term of
3 the agreement or on the date on which the State provides
4 to the Secretary all data required under the agreement,
5 whichever is later.

6 **“SEC. 7210. STRAIGHT A'S ACHIEVEMENT REPORT.**

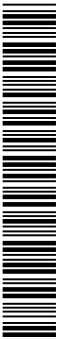
7 “Not later than 60 days after the Secretary receives
8 an annual State report described in section 7203(e)(6),
9 the Secretary shall make the report available to the Com-
10 mittee on Education and the Workforce of the House of
11 Representatives and the Committee on Health, Education,
12 Labor and Pensions of the Senate.

13 **“SEC. 7211. APPLICABILITY OF TITLE VIII.**

14 “To the extent that provisions of title VIII are incon-
15 sistent with this part, this part shall be construed as su-
16 perseding such provisions.

17 **“SEC. 7212. APPLICABILITY OF GENERAL EDUCATION PRO-**
18 **VISIONS ACT.**

19 “To the extent that the provisions of the General
20 Education Provisions Act (20 U.S.C. 1221 et seq.) are in-
21 consistent with this part, this part shall be construed as
22 superseding such provisions, except where relating to civil
23 rights, withholding of funds and enforcement authority,
24 and family educational and privacy rights.



VII-27

1 **“SEC. 7213. ALL STUDENTS DEFINED.**

2 “In this part, the term ‘all students’ means all stu-
3 dents attending public schools or charter schools that are
4 participating in the State’s accountability and assessment
5 system.

6 **“PART C—TRANSFERABILITY OF FUNDS**7 **“SEC. 7301. SHORT TITLE.**

8 “This part may be cited as the ‘State and Local
9 Transferability Act’.

10 **“SEC. 7302. PURPOSE.**

11 “The purpose of this part is to allow States and local
12 educational agencies the flexibility—

13 “(1) to target Federal funds to Federal pro-
14 grams that most effectively address the unique needs
15 of States and localities; and

16 “(2) to transfer Federal funds allocated to
17 other activities to allocations for activities authorized
18 under title I programs.

19 **“SEC. 7303. TRANSFERABILITY OF FUNDS.**

20 “(a) TRANSFERS BY STATES.—

21 “(1) IN GENERAL.—In accordance with this
22 part, a State may transfer up to 100 percent of the
23 nonadministrative State funds allocated to the State
24 for use for State-level activities under each of the
25 following provisions to 1 or more of the State’s allo-
26 cations under any other of such provisions:



VII-28

1 “(A) Title II.

2 “(B) Part A of title III.

3 “(C) Part A of title IV.

4 “(D) Part A or B of title V.

5 “(2) SUPPLEMENTAL FUNDS FOR TITLE I.—In
6 accordance with this part, a State may transfer any
7 funds allocated to the State under a provision listed
8 in paragraph (1) to its allocation under title I.

9 “(b) TRANSFERS BY LOCAL EDUCATIONAL AGEN-
10 CIES.—

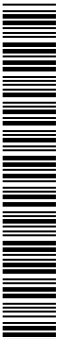
11 “(1) AUTHORITY TO TRANSFER FUNDS.—

12 “(A) IN GENERAL.—In accordance with
13 this part, a local educational agency may trans-
14 fer funds allocated to it under each of the pro-
15 visions listed in paragraph (2) to 1 or more of
16 its allocations under any other such provision.

17 “(B) SUPPLEMENTAL FUNDS FOR TITLE
18 I.—In accordance with this part, a local edu-
19 cational agency may transfer funds allocated to
20 such agency under a provision listed in para-
21 graph (2) to its allocation under title I.

22 “(C) STATE APPROVAL.—

23 “(i) IN GENERAL.—In any fiscal year,
24 a local educational agency may not trans-
25 fer under this paragraph any amount of



VII-29

1 funds for use under a provision listed in
2 paragraph (2) if the total of all funds
3 transferred for such use exceeds 35 per-
4 cent of the funds allocated to the agency
5 under that provision for the fiscal year, un-
6 less the State in which the local edu-
7 cational agency is located has approved
8 each such transfer.

9 “(ii) REQUESTS TO BE IN WRITING.—
10 Each request by a local educational agency
11 for State approval under this subpara-
12 graph shall be made in writing to the
13 State.

14 “(iii) DECISION WITHIN 60 DAYS.—
15 Each request by a local educational agency
16 for State approval under this subpara-
17 graph shall be deemed approved by the
18 State, unless not later than 60 days after
19 receipt of the request the State disapproves
20 the request or notifies the agency in writ-
21 ing of steps that the agency needs to take
22 before the State will approve the transfer.

23 “(vi) APPROVAL CRITERIA.—In re-
24 viewing a request by a local educational
25 agency for State approval under this sub-



VII-30

1 paragraph, a State shall consider the de-
2 gree to which the transfer that is the sub-
3 ject of the request—

4 “(I) enables the local educational
5 agency to direct resources to a Fed-
6 eral program that more effectively ad-
7 dresses the needs of the agency’s stu-
8 dents, particularly the most disadvan-
9 tagged students; and

10 “(II) allows the local educational
11 agency to target or focus resources to
12 address specific areas of need or areas
13 of priority and without the transfer
14 such targeting or focusing is pre-
15 vented, or significantly impeded, by
16 the Federal program requirements.

17 “(2) APPLICABLE PROVISIONS.—A local edu-
18 cational agency may transfer funds under this sub-
19 section from allocations made under each of the fol-
20 lowing provisions:

21 “(A) Title II.

22 “(B) Part A of title IV.

23 “(C) Part A or B of title V.

24 “(c) NO TRANSFER OF TITLE I FUNDS.—A State or
25 a local educational agency may not transfer under this



VII-31

1 part to any other program any funds allocated to it under
2 title I.

3 “(d) MODIFICATION OF PLANS AND APPLICATIONS;
4 NOTIFICATION.—

5 “(1) STATE TRANSFERS.—Each State that
6 makes a transfer of funds under this section shall—

7 “(A) modify to account for such transfer
8 each State plan, or application submitted by the
9 State, to which such funds relate;

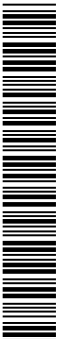
10 “(B) not later than 30 days after the date
11 of such transfer, submit a copy of such modi-
12 fied plan or application to the Secretary; and

13 “(C) not later than 30 days before the ef-
14 fective date of such transfer, notify the Sec-
15 retary of such transfer.

16 “(2) LOCAL TRANSFERS.—Each local edu-
17 cational agency that makes a transfer under this
18 section shall—

19 “(A) modify to account for such transfer
20 each local plan, or application submitted by the
21 agency, to which such funds relate;

22 “(B) not later than 30 days after the date
23 of such transfer, submit a copy of such modi-
24 fied plan or application to the State; and



VII-32

1 “(C) not later than 30 days before the ef-
2 fective date of such transfer, notify the State of
3 such transfer.

4 “(f) APPLICABLE RULES.—Except as otherwise pro-
5 vided in this part, funds transferred under this section are
6 subject to each of the rules and requirements applicable
7 to the funds allocated by the Secretary under the provision
8 to which the transferred funds are transferred.”.

